

Attachment I

**Sample Letter to be Sent by the Reserve Bank to a Domestic Bank Holding Company to Acknowledge Receipt of a Declaration of Election to Become a Financial Holding Company**

Name  
Bank Holding Company  
Address

Dear \_\_\_\_\_:

This is to acknowledge receipt of your letter of [date] in which [Name of Company] provides its declaration to elect to become a financial holding company, pursuant to the Gramm-Leach-Bliley Act of 1999. The declaration was received at this Reserve Bank on [date], and the 30-day period commenced on that date.\* [Name of Company] may consider its election to become a financial holding company effective on [date]\*\* unless otherwise notified by the [Board of Governors/Reserve Bank].

If you have any questions, please contact [Name].

\* For those declarations filed prior to March 11, 2000, use the following language:

The declaration was received at this Reserve Bank on [date], and the 30-day period will commence on March 11, 2000, the date on which the relevant portion of the Gramm-Leach-Bliley Act becomes effective.

\*\* Count the date the declaration is received as Day 1, and insert the date of Day 31 in the date field.

Attachment II

**Information to be Submitted by the Reserve Bank for each Domestic Bank Holding Company that Files a Declaration to Elect to Become a Financial Holding Company**

BHC Name \_\_\_\_\_

City/State \_\_\_\_\_

RSSD # \_\_\_\_\_

# of Depository Institutions (D.I.) controlled by the BHC \_\_\_\_\_

D.I. Name (RSSD #)	Capital Ratios (Date)			Ratings (Date)		
	Tier 1	Total	Leverage	CAMELS	CRA	Compliance

Did the BHC make all required certifications? yes\_\_\_\_ no \_\_\_\_\_

BOPEC rating including risk management rating (date) \_\_\_\_\_

Are there any outstanding issues with respect to the BHC or any depository institution controlled by the BHC? yes\_\_\_\_ no \_\_\_\_\_

If there are outstanding issues, summarize them briefly below, and immediately contact Board Applications staff.

Issues:

Other Comments:

Reserve Bank Assessment of Declaration:

Effective \_\_\_\_\_ Ineffective \_\_\_\_\_ Date \_\_\_\_\_

Attachment III

**Sample Letter to be Sent by the Reserve Bank to a Foreign Bank or Company to Acknowledge Receipt of a Declaration of Election to be Treated as a Financial Holding Company**

Name  
Bank  
Address

Dear \_\_\_\_\_:

This is to acknowledge receipt of your letter of [date] in which [Name of Bank/Company] provides its declaration to elect to be treated as a financial holding company, pursuant to the Gramm-Leach-Bliley Act of 1999. The declaration was received at this Reserve Bank on [date]. The declaration will not be deemed effective until the Federal Reserve notifies [Name of Bank/Company] that it meets all applicable standards. [Name of Bank/Company] will be notified of the Federal Reserve's determination within 30 days unless the Federal Reserve otherwise notifies [Name of Bank/Company] that it does not have sufficient information on which to base a determination. The 30-day period will not commence until March 11, 2000, the date on which the relevant portion of the Gramm-Leach-Bliley Act becomes effective.\*

If you have any questions, please contact [Name].

\* Delete this sentence after March 11, 2000

Attachment IV

**Information to be Submitted by the Reserve Bank for each Foreign Banking Organization that Files a Declaration to Elect to be Treated as a Financial Holding Company**

FBO Name \_\_\_\_\_

City, Country \_\_\_\_\_

RSSD # \_\_\_\_\_

Risk-based capital ratios (Note: This information should be provided for each foreign bank that has direct U.S. banking operations - branches, agencies, and commercial lending companies - that is part of the foreign banking organization that is seeking certification as a financial holding company. Risk-based capital ratios are not required for foreign banking organizations that operate in the United States only through subsidiary banks.)

Tier 1 ratio \_\_\_\_\_ Total ratio \_\_\_\_\_  
Calculated under the Basel standards? yes \_\_\_\_\_ no \_\_\_\_\_

Leverage ratio \_\_\_\_\_

U.S. Office or Bank Subsidiary (RSSD #)	Capital Ratios (Date) (if applicable)			Ratings (Date)		
	Tier 1	Total	Leverage	CAMELS/ ROCA	CRA (if appl.)	Compliance (if appl.)

Did the FBO make all required certifications? yes \_\_\_\_\_ no \_\_\_\_\_

SOSA Rating (date) \_\_\_\_\_

Are there any issues with respect to the foreign bank(s)? Factors to be considered include:

- composition of capital
- accounting standards
- long term debt ratings
- reliance on government support to meet capital requirements
- extent to which the foreign bank is subject to comprehensive consolidated supervision
- asset quality, earnings, etc.

If there are outstanding issues with respect to the FBO or its U.S. operations, summarize them briefly below, and immediately contact Board Applications staff.

FBO Issues:

Other Comments:

Reserve Bank Assessment of Declaration:

Effective \_\_\_\_\_ Ineffective \_\_\_\_\_ Date \_\_\_\_\_

## Attachment V

### **Suggested Letter to Domestic Bank Holding Companies Regarding the Procedures for Making a Declaration to Elect to Become a Financial Holding Company**

To the Chief Executive Officer of the Bank Holding Company:

On November 12, 1999, the President of the United States signed the Gramm-Leach-Bliley Act. Title I of the Act, which becomes effective on March 11, 2000, establishes conditions that must be met for a bank holding company to be deemed a “financial holding company” and to engage in expanded activities.

In order to become a financial holding company, a bank holding company must file with the Federal Reserve a written declaration that the company elects to be a financial holding company. The declaration must:

- (1) state that the bank holding company elects to be a financial holding company,
- (2) provide the name and head office address of the company and of each depository institution controlled by the company,
- (3) certify that all depository institutions controlled by the company are well capitalized as of the date the company files its election,
- (4) provide the capital ratios for all relevant capital measures (as defined in section 38 of the Federal Deposit Insurance Act) as of the close of the previous quarter for each depository institution controlled by the company on the date company files its election, and
- (5) certify that all depository institutions controlled by the company are well managed as of the date the company files its election.

The Act also requires that all of the insured depository institutions controlled by the company be rated satisfactory or better under the Community Reinvestment Act.<sup>1</sup> Compliance with this requirement will be determined by the Federal Reserve.

The declaration should be submitted to the appropriate Reserve Bank [indicate contact], with a copy sent to Betsy Cross, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, 20<sup>th</sup> St. and Constitution Avenue NW, Washington, D.C. 20551.

A declaration to become a financial holding company will be deemed effective on the 31<sup>st</sup> day after the date the declaration was received by the appropriate Reserve Bank unless

---

<sup>1</sup> If a depository institution was acquired by a bank holding company within the past 12 months, and has a less than satisfactory CRA rating, the bank holding company may still be able to qualify as a financial holding company so long as the bank holding company has submitted an affirmative plan to take actions necessary for the depository institution to receive at least a satisfactory rating at its next scheduled CRA examination, and the appropriate Federal banking agency has accepted the plan.

the Board has notified the bank holding company prior to that time that the declaration is ineffective. The date of receipt of the declaration by the Reserve Bank is considered the first day of the 30-day period. After expiration of the 30-day review period, or before the expiration of such period if the bank holding company has been informed in writing that its declaration to become a financial holding company is effective, the company may engage in the expanded financial activities available to such companies. Any declarations filed prior to March 11, 2000 would not become effective in the absence of Federal Reserve action prior to April 10, 2000 (31 days from the effective date of the Gramm-Leach-Bliley Act).

The Gramm-Leach-Bliley Act requires that a financial holding company that engages in an activity, or acquires control or shares of a company engaged in an activity, under section 4(k) of the Bank Holding Company Act, provide written notice to the appropriate Reserve Bank. The notice must be filed within 30 calendar days of commencement of the activities or the acquisition, and should describe the activity commenced, or identify the name of the company acquired and describe its activities. The manner in which such information should be submitted to the Federal Reserve is currently under review and additional guidance will be forthcoming.

## Attachment VI

### **Suggested Letter to Foreign Banking Organizations with U.S. Banking Operations that Seek to File a Declaration to Elect to be Treated as a Financial Holding Company**

To \_\_\_\_\_:

On November 12, 1999, the President of the United States signed the Gramm-Leach-Bliley Act. Title I of the Act, which becomes effective on March 11, 2000, establishes conditions that must be met for a bank holding company to be deemed a “financial holding company” and to engage in expanded activities.

Foreign banks whose only U.S. banking presence is through the ownership or control of a U.S. bank must comply with the same requirements as a domestic bank holding company that elects to become a financial holding company. The declaration submitted by such foreign bank or company must:

- (1) state that the foreign bank or company elects to be a financial holding company,
- (2) provide the name and head office address of the company and of each U.S. depository institution controlled by the company,
- (3) certify that all U.S. depository institutions controlled by the company are well capitalized as of the date the company files its election,
- (4) provide the capital ratios for all relevant capital measures (as defined in section 38 of the Federal Deposit Insurance Act) as of the close of the previous quarter for each U.S. depository institution controlled by the company on the date company files its election, and
- (5) certify that all U.S. depository institutions controlled by the company are well managed as of the date the company files its election.

In order for a foreign bank that operates a branch, agency, or commercial lending company in the United States, or any company that owns such foreign bank to be treated as a financial holding company, the Board must find that the foreign bank meets the applicable standards for “well capitalized” and “well managed” and that the foreign bank operates under capital and management standards that are comparable to those required of U.S. banks.

Foreign banking organizations that operate through U.S. branches, agencies, or ownership or control of a commercial lending company, or that operate both through subsidiary bank(s) and branches, agencies, or commercial lending companies in the United States must provide the following information:

- (1) a statement that the foreign bank or company elects to be treated as a financial holding company,
- (2) the risk based and leverage capital ratios of the foreign bank as of the close of the most recent quarter and as of the close of the most recent audited reporting period,
- (3) a certification that the foreign bank meets the standards of well capitalized set out in section 225.90(b)(1)(i),(ii),and (iii) or section 225.90(b)(2) of Regulation Y as of the date the foreign bank or company files its election, and



- (4) certification that the foreign bank is well managed as defined in section 225.90(c)(1) and (2) of Regulation Y as of the date the foreign bank or company files its election.

The well capitalized and well managed tests apply to each foreign bank that has U.S. operations in the form of a branch, agency or commercial lending company subsidiary and that is part of a foreign banking organization seeking certification as a financial holding company.

For those foreign banks whose home country supervisors have adopted risk-based capital standards consistent with the Basel Accord, such banks' tier 1 and total risk-based capital ratios, as calculated under the home country standard, must be at least 6 percent and 10 percent, respectively. In addition, the foreign bank's ratio of tier 1 capital to consolidated total assets (the leverage ratio) must be at least 3 percent. The Board will then determine the comparability of the foreign bank's capital. For those foreign banks whose home country supervisors have not adopted the Basel Accord and any other foreign banking organizations that otherwise do not meet the capital standards noted above, the institution may be considered well capitalized by obtaining from the Board a prior determination that its capital is otherwise comparable to the capital that would be required of a U.S. banking organization in order to become a financial holding company.

A foreign bank will be considered well managed if (1) each of the U.S. banking offices (depository institutions, branches, agencies, and commercial lending subsidiaries) of the foreign bank has received at least a satisfactory composite rating at its most recent examination, (2) the home country supervisor of the foreign bank considers the overall operations of the foreign bank to be satisfactory or better, and (3) the Board determines that the management of the foreign bank meets standards comparable to those required of a U.S. bank owned by a financial holding company.

In determining whether a foreign bank is well capitalized and well managed in accordance with comparable capital and management standards, the Federal Reserve may consider such factors as the composition of capital, accounting standards, long term debt ratings, reliance on government support to meet capital requirements, the extent to which the foreign bank is subject to comprehensive consolidated supervision, and other factors that may affect the analysis of capital and management.

There is also a requirement that all of the U.S. insured depository institutions controlled by the company be rated satisfactory or better under the Community Reinvestment Act. In addition, if the foreign bank operates a U.S. branch that is FDIC insured, the branch must be rated satisfactory or better under the Community Reinvestment Act. Compliance with these requirements will be determined by the Federal Reserve.

Prior to filing a formal declaration to become a financial holding company, a foreign bank may choose to utilize a pre-clearance process provided by the regulation, and file a request for review of its qualifications to be treated as a financial holding company. The Board will try to make a determination on such requests within 30 days of receipt.

The declaration (or pre-clearance request) should be submitted to the appropriate Reserve Bank [indicate contact], with a copy sent to Betsy Cross, Assistant Director, Division of Banking Supervision and Regulation, Board of Governors of the Federal Reserve System, 20<sup>th</sup> St. and Constitution Avenue NW, Washington, D.C. 20551.

An election by a foreign bank or company to be treated as a financial holding company will not become effective until the Board has notified the foreign bank or company that the Board has determined that it meets the applicable standards. Every effort will be made to notify the foreign bank or company within 30 days of the filing of the election unless that Board determines that it does not have sufficient information on which to base a finding.

If the election is determined to be effective, the foreign bank or company may engage in the expanded financial activities available to financial holding companies. The Gramm-Leach-Bliley Act requires that a financial holding company that engages in an activity, or acquires control or shares of a company engaged in an activity, under section 4(k) of the Bank Holding Company Act, provide written notice to the appropriate Reserve Bank. The notice must be filed within 30 calendar days of commencement of the activities or the acquisition, and should describe the activity commenced, or identify the name of the company acquired and describe its activities. The manner in which such information should be submitted to the Federal Reserve is currently under review and additional guidance